

**ENVIRONMENT DIRECTORATE
JOINT MEETING OF THE CHEMICALS COMMITTEE AND
THE WORKING PARTY ON CHEMICALS, PESTICIDES AND BIOTECHNOLOGY**

**RECOMMENDATIONS FOR FUTURE WORK ON SOCIOECONOMIC IMPACT ASSESSMENT FOR
CHEMICALS**

**55th Joint Meeting of the Chemicals Committee and the Working Party on Chemicals,
Pesticides and Biotechnology**

**7-9 November 2016, at the OECD Conference Centre, 2 rue André Pascal, Paris,
beginning at 13h30 on 7 November**

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This document highlights the outcomes and recommendations from the OECD "Workshop on Socioeconomic Impact Assessment of Chemicals Management" which was hosted by the European Chemicals Agency (ECHA) from 6 -8 July 2016 in Helsinki , Finland. The workshop was conducted in collaboration with the Working Party on Integrating Environmental and Economic Policies (WPIEEP). The document also proposes follow-up activities for the Joint Meeting to be undertaken , potentially in collaboration with the Working Party on Integrating Environment and Economic Policies.

ACTION REQUIRED: *The Joint Meeting is invited to endorse the proposed future activities outlined in paragraphs 8-15, amended as appropriate.*

Background

1. The 54th Joint Meeting of the Chemicals Committee and the Working Party on Chemicals, Pesticides and Biotechnology in February 2016 discussed a proposed work programme on economic costs and benefits of managing chemicals [ENV/JM(2016)10], including a "Workshop on Socioeconomic Impact Assessment of Chemicals Management", offered to be hosted by the European Chemicals Agency. This work aligned with activities of EPOC's Working Party on Integrating Environmental and Economic Policies (WPIEEP) and the Joint Meeting agreed to collaborate on the workshop with the WPIEEP, including the development of background papers for the workshop. The Joint Meeting requested that the secretariat provide an update on the results and recommendations from the workshop at the 55th Joint Meeting in November 2016 and would at that point discuss future activities [ENV/JM/M(2016)1, item 14].

Workshop Results

Scope of the Workshop

2. The OECD "Workshop on Socioeconomic Impact Assessment of Chemicals Management" was hosted by the European Chemicals Agency (ECHA) from 6-8 July 2016 in Helsinki Finland (see draft workshop report ENV/EPOC/WPIEEP(2016)21). The workshop was attended by 80 experts nominated by Australia, Belgium, Canada, Denmark, Estonia, Finland, Latvia, Germany, Italy, Korea, Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom, United States, the European Union, representatives of the Business and Industry Advisory Committee (BIAC), the World Health Organization Regional Office for Europe, the United Nations Environment Programme, and NGOs. It was also attended by a number of academics and the OECD Secretariat.

3. The workshop was made possible by financial support from the European Commission, the European Chemicals Agency and the American Chemistry Council.

4. The workshop aimed to identify the current status of practice and methodologies for cost-benefit analysis of risk management measures and frameworks addressing the human health and environmental impacts of chemicals in OECD Member countries. It focused on the methods currently used across countries and intergovernmental organisations.

5. The workshop consisted of presentations from member countries, industry, NGOs and academics. Also, four sessions focused on the discussion of the background papers that were prepared for the workshop. They will be further developed based on the feedback from, and following, the workshop and are expected to be published as OECD working papers.

1. Chemical risk assessment as input for the economic valuation of impacts - Paper outlining the type of information available in a typical chemical risk assessment, and reviewing existing methodologies and information requirements for translating the results of a chemical risk assessment into attributable health or environmental impact(s) of a given chemical (or collectively chemicals in use) as input for an economic evaluation.
2. Economic valuation of chemicals' impacts on health and the environment - Paper discussing methodologies and information requirements for estimating the economic value of a given impact, including the strengths, weaknesses and uncertainties of the methodologies.
3. Transferring/extrapolating monetised impacts from one chemical to other chemicals - Paper reviewing existing methodologies for transferring/extrapolating the monetised value of human health and environmental impacts from one chemical to another chemical or many chemicals.

4. Quantifying regulatory efficacy of risk management activities - Paper focusing on *ex post* quantification of regulatory efficacy of risk management activities.

Feedback obtained on the workshop

6. Workshop attendees were active in the discussions that took place and indicated that they found the workshop to have been an excellent forum for exchange on key issues and challenges with cost-benefit assessment for chemicals (see the workshop report for a summary). The development of background papers for the workshop helped to encourage debate and discussion. At the end of the workshop, ECHA and the OECD secretariat asked workshop participants to provide feedback on what was most useful about the workshop. All of the sessions were ranked between useful to very useful. The following four sessions were ranked as the most useful by countries:

- “Chemical risk assessment as input for the economic valuation of impacts” (discussion of background paper 1 above)
- “Quantifying regulatory efficacy of risk management activities” (discussion of background paper 4 above)
- “Experiences with socioeconomic impact assessment in chemicals management” (session on sharing of experiences by delegates)
- “Economic valuation of chemicals’ impacts on health and the environment” (discussion of background paper 2 above)

7. Also, in written comments, countries strongly supported organising future workshops particularly focused on specific chemicals case studies, practical approaches, sharing of experience and exchange of best practices, further exploring in -depth some of the topics of this workshop - in particular that of background paper 1 and also methodologies for socioeconomic impact assessment for environmental endpoints, which are underdeveloped.

Recommendations for Further Work at the OECD

8. The workshop concluded that significant methodological progress has been made in some member countries to assess the costs and benefits of managing risks of chemicals, but that further work is still required. In this respect the need for better information for the valuation of health and environmental impacts was highlighted. It was recognised that working jointly on these issues would not only reduce the costs to member countries in developing further information, but would also allow learning from one another in the practical application of methodologies for carrying out socioeconomic impact assessment, enabling their further development from an applied perspective.

9. Dissemination of the workshop report and the background papers developed for the workshop will be a first step in the identification of challenges and opportunities in advancing the issues related to socioeconomic impact assessment in chemicals risk management. The two areas outlined below are proposed as initial follow-up activities for the Joint Meeting of the Chemicals Committee and Working Party on Chemicals, Pesticides and Biotechnology, in collaboration with the Working Party on Integrating Environment and Economic Policies. Depending on the outcomes of these initiatives, further areas of collaboration could be sought.

Establishment of a regular, on -going forum to share risk management case studies, including risk management approaches and associated socioeconomic impact assessment, to inform decision-making

10. This forum would create the opportunities to:

- Share experience in chemicals management, including identification and documentation of best practices and practical approaches. Also, possible identification of opportunities for prospective collaborative work.
- Improve interdisciplinary linkages between risk assessment, risk management and socioeconomic analysis including:
 - Awareness-raising of the needs of communities carrying out risk assessment, management and economic analysis;
 - Finding ways of improving the communication between different communities to identify the best possible risk management options.
- Share case studies, to derive "lessons learned" . Case studies could be developed from activities in countries and address:
 - Cost of regulating substances, including the technical and economic feasibility in the analysis of alternatives;
 - Health and/or environmental impacts of regulation, including valuation of impacts;
 - Possible learnings for similar regulatory activities in other countries or with similar substances.
- Identify common challenges leading to joint information or methodology development

Conduct coordinated valuation studies in relation to morbidity and environmental endpoints relevant to chemicals

a) Conduct one or several valuation studies of morbidity endpoints relevant to chemicals in different OECD member countries and possibly partner countries

- OECD could coordinate the development of a survey instrument with member countries. Member countries would then conduct or commission the survey (with an identical instrument); then OECD could help in the comparison of the valuation results.
- The benefits of such an approach include:
 - Improved valuation information for endpoints often observed with chemicals.
 - A cost-effective mechanism of obtaining values in a standardised manner across countries which would also provide information on potential differences between countries, thereby informing transferability of valuations across countries.
 - A potential foundation for longer -term collaboration between institutions and experts in different communities carrying out valuations studies.

b) Conduct a study on valuation of environmental endpoints

- Environmental impact valuation is very important and still too often neglected. One reason is that there are outstanding questions regarding how environmental endpoints would be valued (if there are no direct impacts to humans). Therefore, countries could work collaboratively on this issue with the longer-term goal to conduct a valuation study for environmental impacts, in a similar manner as described above for morbidity endpoints.

Proposal for Implementing Recommendations

Recommendation 1 Implementation

11. To implement the first activity above, as a next step, a follow-up workshop to compare cases drawing upon experience from chemicals already undergoing risk management activity in more than one country is proposed. This workshop would include:

- Development of background papers based on case studies (selected by member countries) to help compare approaches, apply methodologies and learn lessons. The case studies could:
 - focus on chemicals (possibly grouped by functionality) that at least two member countries have been working on (e.g. plasticisers/phthalates, PBT/vPvBs, trichloroethylene, formaldehyde etc.);
 - consider a variety of cases (i.e. some may have environmental impacts, some health impacts, some both);
 - exemplify situations where varying levels of information for either the risk assessment or risk management outcomes exist, and the resulting cost and valuation estimates have been used.
- Development of a synthesis report that takes into account the background papers and learnings from both the Helsinki workshop and the second workshop.

12. This activity would be done in collaboration with WPIEEP. The secretariat already has in place a subset of funds to support such a workshop which could be enhanced by further voluntary contributions. A country could also volunteer to host the workshop.

13. Joint Meeting delegates can then consider whether to establish an on-going forum, for example in the form of face-to-face and/or electronic meetings, to learn from approaches, share best practices and further advance the practical application of socioeconomic impact assessment of chemicals. Contributions would be needed to establish such an on-going forum.

Recommendation 2 Implementation

14. In terms of working together to conduct coordinated valuation studies in relation to morbidity and environmental endpoints relevant to chemicals, it is proposed to establish a project team under the Joint Meeting of delegates from interested member countries, other stakeholders (BIAC, NGOs, IGOs) and invited experts to work on this initiative. WPIEEP members would be asked for their interest in collaborating on this initiative.

15. The project team would coordinate the development of the survey instrument and member countries would then carry out the valuation studies with the results then compared by the secretariat. Voluntary contributions would be needed to support this work.